

WHAT IS CLAIMED IS:

1. A method for rating financial reporting of public companies, comprising the steps of:

5           obtaining public filing information for a company;  
             separating the obtained public filing information into predetermined rating categories; and  
             rating the company in each of the rating categories, using the separated public filing information.

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2. The method of claim 1, wherein the public filing information includes information required by the Securities and Exchange Commission to be publicly filed.

15           3. The method of claim 1, wherein at least some of the public filing information is provided as structured information stored in a database.

4. The method of claim 1, wherein rating the company includes assigning a score for each of the rating categories.

20           5. The method of claim 1, wherein rating the company includes assigning an overall score.

6. The method of claim 5, wherein at least one of the rating categories is accorded a greater weight to the overall score than the others.

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7. The method of claim 1, wherein rating the company includes assigning one or more star for each of the rating categories.

30           8. The method of claim 1, wherein rating the company includes assigning an overall rating of one or more star.

9. The method of claim 1, wherein rating the company includes comparing the company to other companies in its peer industry group.

10. The method of claim 1, wherein rating the company includes comparing the company to other companies that were rated.

5 11. The method of claim 1, wherein the rating categories include one or more of (1) areas of financial concern and/or potential financial exposure; (2) accounting policies and practices; (3) financial footnotes; (4) management description of operating and financial results; and (5) corporate governance.

10 12. A method for rating quality of earnings and accounting grading for a company, comprising the steps of:  
obtaining public filing information for a company;  
determining a weight for each of a plurality of factors, using the obtained public filing information;  
rating the company based on the determined weights for the factors, wherein  
15 at least some of the factors are weighted differently; and  
ranking the company in relation to other companies that were rated.

20 13. The method of claim 12, wherein the weight for each factor is determined to be one of high weight, moderate weight, and low weight.

14. The method of claim 13, wherein the high weight factors are weighted approximately twice that of the moderate weight factors.

25 15. The method of claim 14, wherein the low weight factors are weighted approximately half that of the moderate weight factors.

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16. The method of claim 12, wherein the factors include one or more of:  
(1) whether a charge for discontinued operations is positive; (2) whether the current  
quarter ratio of gross profit to net sales has increased over the average ratio for the  
prior four quarters by more than a predetermined percent; (3) whether a charge for  
5 extraordinary items is positive; (4) whether any of the following is present:  
impairment-assets held for use; amortization of intangibles; and net goodwill  
changed from the previous quarter by more than a predetermined percent; (5)  
whether a restructuring charge is present; (6) whether a charge for purchase R&D  
written-off is present; (7) whether a financial restatement occurred; (8) whether either  
10 of the following improves earnings by more than a predetermined percent: loss (gain)  
on sale of assets – operating; gain (loss) on sale of assets; (9) whether a charge for any  
of the following is present: interest capitalized (operating); interest capitalized (non-  
operating); interest capitalized (supplemental); (10) whether the ratio of unusual  
expense (income) to sales is greater than a predetermined percent; (11) whether a  
15 charge for accounting change is positive; (12) whether the difference in the year-over-  
year change in total inventory exceeds the difference in the year-over-year (4-quarter  
sum) change in net sales by more than a predetermined percent when sales decline or  
by more than a predetermined percent when sales increase; (13) whether the charge  
for accounting change is negative; (14) whether a charge for discontinued operations  
20 is negative; and (15) whether a charge for extraordinary items is negative.

17. A method for rating the performance of an accounting firm, comprising  
the steps of:  
calculating an average financial performance rating of companies audited by  
25 the accounting firm;  
obtaining financial information regarding the accounting firm, including  
public filing information; and  
rating the accounting firm using the calculated average financial performance  
rating and the obtained financial information.

18. The method of claim 17, wherein rating the accounting firm includes  
rating the accounting firm in several categories.

19. The method of claim 18, wherein the categories include one or more of average rating for companies audited by the accounting firm, auditing problems, financial footnotes, and regulatory actions and lawsuits.

5                    20. The method of claim 17, wherein rating the accounting firm includes comparing the rating with peer group results.

21. The method of claim 17, wherein the rating is calculated on a moving average basis.

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